

33RD DISTRICT COURT

FINANCIAL REPORT

December 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name 33rd District Court	County Wayne
Fiscal Year End 12/31/05	Opinion Date 04/14/06	Date Audit Report Submitted to State 6/15/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

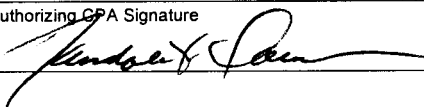
SN
2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	None issued as required	
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Darnell & Meyering, P.C.		Telephone Number (734) 246-8635	
Street Address 20600 Eureka Rd., Ste. 900		City Taylor	State MI
Authorizing CPA Signature 		Printed Name Randall H. Darnell	Zip 48180
		License Number 13139	

33RD DISTRICT COURT
Financial Report
Table of Contents
January 1, 2005 to December 31, 2005

GENERAL PURPOSE FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	i-vi
Statement of Net Assets	3
Statement of Activities	4
Balance Sheet – Governmental Funds	5-6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7-8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Fiduciary Net Assets	10
Statement of Changes in Fiduciary Net Assets	11
Notes to Financial Statements	12-27

REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedule Budget and Actual – General Fund	28-29
---	-------

33RD DISTRICT COURT
Financial Report
Table of Contents
January 1, 2005 to December 31, 2005
(continued)

ADDITIONAL INFORMATION

	<u>Page</u>
Combining Balance Sheet – Nonmajor Governmental Funds	30
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	31
Schedule of Changes in Liabilities – Fines and Costs Fund	32
Schedule of District Control Units – Fines Collected Over Actual General Fund Budget Expenditures	33
Schedule of Amounts Payable to District Control Units – General Fund	34

DARNELL & MEYERING, P.C.

Certified Public Accountants

20600 EUREKA ROAD • SUITE 900

TAYLOR, MICHIGAN 48180

(734) 246-9240

FAX (734) 246-8635

CLINTON MEYERING, C.P.A.
RANDALL H. DARNELL, C.P.A.
DALE A. VESTRAND, C.P.A.
WENDY L. ZOKOE, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Judges
of the 33rd District Court
Woodhaven, Michigan 48183

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the 33rd District Court as of and for the year ended December 31, 2005, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 33rd District Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 33rd District Court, as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through vi and 28-34 through 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 33rd District Court's basic financial statements. The accompanying information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all materials respects in relation to the basic financial statement taken as a whole.

DARNELL & MEYERING, P.C.

Darnell & Meyering, P.C.

April 14, 2006

**33RD DISTRICT COURT – WOODHAVEN, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2005**

The management of the 33rd District Court presents this narrative overview and analysis of the financial activities of the Court for the fiscal year ended December 31, 2005. The Court encourages readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The beginning budget for the expenditures for the Court for 2005 was \$2,430,000, which represented a 2.52% increase over the previous year.

Caseload increased 3% from 2004, with a resultant increase in revenue to \$2,236,178, which is a 2.5% increase. Cases filed in the Civil Division of the Court comprised 44% of the increased caseload. Due to the increase in revenue and a slight increase in interest rates, interest income increased to \$18,474, which is a 203% increase over 2004. The Court anticipates caseload to continue to increase slightly in fiscal year 2006.

The position of Systems Administrator was filled in March of 2005. This position had been vacant since May of 2003. Filling the position allowed the Court to upgrade the interoffice computer network from an outdated Novell system to a Microsoft Exchange system without the additional expense of hiring consultants. The improvement of the computer system will allow the Court to develop and host a web site, which will increase our services to the public. In July, the Court replaced the obsolete AS/400, which hosts our case management software.

The Court purchased a new software program for our case management system to assist in collecting outstanding fines and costs in September of 2005. Use of the automated statements resulted in the collection of \$152,000 of overdue fines and costs. It should be noted that the Court was able to institute this program without the addition of personnel. The Court will continue to utilize this program and expects total revenue to increase in 2006.

The collective bargaining agreements between the Court and POAM expired on December 31, 2004. The non-supervisory employees voted to decertify their association with POAM and joined the Michigan Association of Public Employees (MAPE) on January 7, 2005. Negotiations continued throughout the year and a collective bargaining agreement was reached between the Court and MAPE on November 30, 2005. The agreement covers the period of November 30, 2005 through December 31, 2008. Employees received a 3% lump sum payment for 2005. Salary increases for the Probation Officers and Court Officers consisted of 2% in 2006, 2007, and 2008. The agreement included a restructuring of the clerical positions and the classifications of Deputy Clerk II and Judicial Clerk were combined under the title of Deputy Clerk II, using the salary structure of the Judicial Clerk. Salary increases negotiated for the Deputy Clerk I and Deputy Clerk II classifications consisted of 2% in 2006, 2007 and 2008.

The supervisory employees continued their association with POAM and negotiations were conducted throughout the year with no agreement reached.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Court's basic financial statements. The Court's basic financial statements comprise three components: 1) Court-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Court-wide financial statements. The Court-wide financial statements are designed to provide readers with a broad overview of the Court's finances, in a manner similar to a private-sector business.

The Statements of Net Assets presents information on all of the Court's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Court is improving or deteriorating.

The Statement of Activities presents information showing how the Court's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Court-wide financial statements outline functions of the Court that are principally supported by revenues received from each community pursuant to the Court Management Council Agreement. The governmental activities of the Court include the fair and timely adjudication of all civil, criminal and traffic cases filed within the boundaries of its jurisdiction. The Court-wide financial statements can be found on pages 3-4 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Court can be divided into three categories: governmental, special revenue and fiduciary funds. The special revenue funds instituted in 2005 include the Court Work Fund, Chemical Awareness Fund, Court Technology Fund and PSI Screening Fund. Fiduciary funds include the Medical Benefit Retirement Fund, the Fines and Costs Fund, the IRS Bond Account and the Civil Fund. The Court has no proprietary funds.

The basic governmental fund financial statements can be found on pages 5-8 of this report

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the Court-wide and fund financial statements. The notes to the financial statements can be found on pages 12-27 of this report.

COURT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Court, assets exceeded liabilities by \$3,360,922 as of December 31, 2005.

The largest portion of the Court's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The Court uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the Court's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Court's financial position is the product of a number of transactions including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the period ending December 31, 2005 and December 31, 2004

	33 rd District Court Net Assets <u>December 31, 2004</u>	33 rd District Court Net Assets <u>December 31, 2005</u>
Net Asset Comparison – 2004 to 2005		
Current Assets	\$ 660,250	\$ 921,522
Noncurrent Assets	<u>2,928,085</u>	<u>2,828,238</u>
Total Assets	3,588,335	3,749,760
Current Liabilities	410,972	354,931
Noncurrent Liabilities	<u>137,766</u>	<u>33,907</u>
Total Liabilities	548,738	388,838
Net Assets		
Investment in capital assets (net of debt)	2,654,616	2,699,445
Restricted	154,439	154,439
Unreserved Fund Balance	<u>230,542</u>	<u>507,038</u>
Total Net Assets	\$ <u>3,039,597</u>	\$ <u>3,360,922</u>

The following table presents a summary of the Statement of Activities for the fiscal year ended December 31.

Changes in 33rd District Court Net Assets:

	<u>2004</u>	<u>2005</u>
Revenues:		
General Revenues		
Intergovernmental	\$ 2,434,697	\$ 2,553,843
Miscellaneous	<u>189,506</u>	<u>585,060</u>
Total Revenues	2,624,203	3,138,903
Expenses:		
Court Services	2,204,854	2,596,010
Interest on Long-Term Debt	15,852	9,196
Depreciation	<u>142,937</u>	<u>147,617</u>
Total Expenses	<u>2,363,643</u>	<u>2,752,823</u>
Change in Net Assets Before Special Item	260,560	386,080
Special Item		
Excess of Revenue Over Expenditures		
Due to District Court Units	<u>(55,117)</u>	<u>(64,755)</u>
Change in Net Assets After Special Item	\$ <u>205,443</u>	\$ <u>321,325</u>

Comments on Budget Comparisons

- The Court's total General Fund revenues for the fiscal year ended December 31, 2005, were \$2,446,630.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$16,630 more than budget or approximately .68%.
- The total cost of all programs and services was \$2,331,875. General fund budget expenditures to actual varied from line item to line item, with the ending actual balance being \$98,125 less than budget, or approximately 4.0%.

General Fund Revenue

The majority of revenue was derived from the budget allocations from the funding units supported by the collection of fines, costs and fees. Some miscellaneous revenue is received from interest income, copy fees and marriage fees.

Budget Allocation

53% of the Court's overall budget is devoted to the salary and wages, and 20% covers the employee benefits. Acquisition and maintenance of the Court's fixed assets including building maintenance, computer, library, utilities, janitorial, insurance and capital outlay, accounts for 14% of the budget. The next largest amount of the budget is expended for trial services including court appointed attorneys, interpreters, visiting judges and jury and witness fees which total 4%. Consumables including office supplies, postage, forms and general expense, make up 4% of the budget. The balance of 5% is committed to miscellaneous items such as uniform cleaning, training, dues, and the like.

BUDGETARY IMPLICATIONS

The budget is affected by a number of factors that are outside the Court's control. The number and type of cases that are filed governs the workload and the revenues, but the Court has no power or authority, nor should it, to manipulate these figures to its advantage. The Union Contract mandates a 3% increase in wages and the cost of medical benefits grew by more than 12% for the fourth year in a row.

Caseload is increasing and the Court has the added pressure of mandates at the state level, both in reporting requirements and caseload time guideline compliance. The Court is also under pressure to provide greater outside and public access to a growing amount of data.

Capital Asset Activity

By the end of 2005 the Court had invested \$47,770 in furniture and fixtures, computers and software. This represents a net decrease of \$72,780 from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expenses for the year was \$147,617. No new debt was necessary to acquire these capital assets.

33rd District Court Capital Assets:

	<u>Cost</u>	<u>Accumulated and Depreciated</u>	<u>2005 Net Book Value</u>	<u>2004 Net Book Value</u>
Land	\$ 50,000		\$ 50,000	\$ 50,000
Land Improvements	88,604	\$ 60,127	28,477	32,866
Furniture and Equipment	807,304	658,816	148,488	136,241
Computers	245,684	182,422	63,262	76,432
Buildings	789,592	592,194	197,398	217,138
Building Addition	<u>3,001,088</u>	<u>660,475</u>	<u>2,340,613</u>	<u>2,415,408</u>
Total	<u>\$ 4,982,272</u>	<u>\$ 2,154,034</u>	<u>\$ 2,828,238</u>	<u>\$ 2,928,085</u>

Long Term Debt Activity

At year end, the Court had a bank note payable balance of \$128,793 which is a reduction of \$144,676 from last year and is supported by a first mortgage on the Court building utilized for operations. The balance of \$48,438 represents compensated absences outstanding at December 31, 2005, which is an increase of \$3,574 from last year. (More detailed information about the Court's long-term liabilities is presented in Note 6 of the financial statements.)

	<u>2005</u>	<u>2004</u>
Bank Note Payable	\$ 128,793	\$ 273,469
Compensated Absences	<u>48,438</u>	<u>44,864</u>
Total	<u>\$ 177,231</u>	<u>\$ 318,333</u>

Questions regarding this report should be directed to the Court Administrator (734) 671-0201, ext. 250 or by mail at 19000 Van Horn Road, Woodhaven, Michigan 48183.

**33rd District Court
Statement of Net Assets
December 31, 2005**

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash	\$ 679,693
Receivables:	
Accounts Receivable	847
Due From Agency Funds	223,760
Prepaid Expenditures	<u>17,222</u>
Total Current Assets	<u>921,522</u>
Noncurrent Assets	
Capital Assets	4,982,272
Less Accumulated Depreciation	<u>(2,154,034)</u>
Total Noncurrent Assets	<u>2,828,238</u>
Total Assets	<u><u>3,749,760</u></u>
Liabilities And Net Assets	
Current Liabilities	
Accounts Payable	123,991
JIS Bond Payable	100
Accrued Interest	504
Accrued Salaries and Related Items	22,257
Current Portion of Long Term Obligations	128,793
Current Portion of Compensated Absences	14,531
Payables to DCUs	<u>64,755</u>
Total Current Liabilities	<u>354,931</u>
Noncurrent Liabilities	
Noncurrent Portion of Compensated Absences	<u>33,907</u>
Total Noncurrent Liabilities	<u>33,907</u>
Total Liabilities	<u><u>388,838</u></u>
Net Assets:	
Invested in Capital Assets Net of Related Debt	2,699,445
Restricted for Debt Service	154,439
Unrestricted	<u>507,038</u>
Total Net Assets	<u><u>\$ 3,360,922</u></u>

The notes to the financial statements are an integral part of this statement.

**33rd District Court
Statement of Activities
For the Year Ended December 31, 2005**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Governmental Activities</u>
				<u>Net (expense) Revenue and Changes in Net Assets</u>
Governmental activities:				
Court services	\$ 2,596,010	-	-	\$ (2,596,010)
Interest on Long-Term Debt	9,196	-	-	(9,196)
Depreciation	147,617	-	-	(147,617)
Total Governmental Activities	2,752,823	-	-	(2,752,823)
General Revenues:				
Intergovernmental				2,553,843
Miscellaneous				585,060
Special Item:				
Required distribution to DCU's - year end excess of revenues over expenditures				(64,755)
Total General Revenues and Special Item				3,074,148
Change in Net Assets				321,325
Net Assets, Beginning of Year				3,039,597
Net Assets, End of Year				\$ 3,360,922

The notes to the financial statements are an integral part of this statement.

33rd District Court
Balance Sheet
Governmental Funds
December 31, 2005

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash	\$ 171,235	\$ 360,168	-	\$ 148,290	\$ 679,693
Receivables:					
Accounts Receivable	825	-	-	22	847
Due From Agency Funds	184,467	18,589	-	20,704	223,760
Due From Other Funds	9,710	-	\$ 154,439	-	164,149
Prepaid Expenditures	17,222	-	-	-	17,222
Total Assets	\$ 383,459	\$ 378,757	\$ 154,439	\$ 169,016	\$ 1,085,671

Liabilities and Fund Balances

Liabilities:					
Accounts Payable	\$ 76,347	-	-	\$ 47,644	\$ 123,991
JIS Bond Payable	100	-	-	-	100
Accrued Salaries and Related Items	22,257	-	-	-	22,257
Due To Other Funds	-	\$ 154,439	-	9,710	164,149
Total Liabilities	\$ 98,704	\$ 154,439	-	\$ 57,354	\$ 310,497

Payable to District Court Units

Brownstown	\$ 21,861	-	-	\$	21,861
Flat Rock	10,896	-	-	-	10,896
Gibraltar	1,784	-	-	-	1,784
Grosse Ile	2,418	-	-	-	2,418
Rockwood	5,307	-	-	-	5,307
Trenton	10,789	-	-	-	10,789
Woodhaven	11,700	-	-	-	11,700
Total Payable to District Court Units	\$ 64,755	-	-	\$	64,755

The notes to the financial statements are an integral part of this statement.

Fund Balances

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Designated For Stabilization	\$ 200,000	-	-	-	\$ 200,000
Designated For Unemployment	20,000	-	-	-	20,000
Reserve For Debt Service	-	-	\$ 154,439	-	154,439
Unreserved, Undesignated	-	\$ 224,318	-	\$ 111,662	335,980
Total Fund Balances	\$ 220,000	\$ 224,318	\$ 154,439	\$ 111,662	\$ 710,419

Total Liabilities and Fund Balances

	\$ 383,459	\$ 378,757	\$ 154,439	\$ 169,016	\$ 1,085,671
--	------------	------------	------------	------------	--------------

Total Governmental Fund Balances

	\$ 710,419
--	------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are financial resources and are not reported in the funds

The cost of capital assets is

Accumulated depreciation is

\$ 4,982,272
(2,154,034)

2,828,238

Long term liabilities are not due and payable in the current period and are not reported in the funds

Compensated absences and severance benefits

Long term obligations

Accrued interest payable is not included as a liability in governmental funds

Net assets of governmental activities

(48,438)
(128,793)
(504)

\$ 3,360,922

33rd District Court
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental	\$ 2,236,178	\$ 264,310	-	\$ 53,355	\$ 2,553,843
Program Fees	-	-	-	364,071	364,071
Miscellaneous	210,452	7,970	-	2,567	220,989
Total Revenues	2,446,630	272,280	-	419,993	3,138,903
Expenditures:					
Current:					
Wages and Benefits	1,739,178	-	-	38,200	1,777,378
Operating Expenses	547,126	-	-	267,932	815,058
Capital Outlay	45,571	-	-	2,199	47,770
Debt Payments:					
Principal	-	-	\$ 144,676	-	144,676
Interest	-	-	9,763	-	9,763
Total Expenditures	2,331,875	-	154,439	308,331	2,794,645
Excess (Deficiency) of Revenues Over Expenditures	114,755	272,280	(154,439)	111,662	344,258
Other Financing Sources (Uses):					
Transfer to Debt Svc	-	(154,439)	-	-	(154,439)
Transfer from Capital Projects	-	-	154,439	-	154,439
Committed to DCUs	(64,755)	-	-	-	(64,755)
Total Other Financing Sources (Uses):	(64,755)	(154,439)	154,439	-	(64,755)

The notes to the financial statements are an integral part of this statement.

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Net Change in Fund Balances	50,000	117,841	-	111,662	279,503
Fund Balances					
Beginning of Year	170,000	106,477	154,439	-	430,916
End of Year	\$ 220,000	\$ 224,318	\$ 154,439	\$ 111,662	\$ 710,419

**33rd District Court
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2005**

Net change in fund balances total governmental funds	\$ 279,503
--	------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation. Losses and gains on disposals of assets are not used in governmental funds.

Depreciation expense	(147,617)
Capital outlay	47,770

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)

Accrued interest payable beginning of the year	144,676
Accrued interest payable end of the year	1,071
	(504)

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when the financial resources are used in the governmental funds:

Accrued compensated absences beginning of the year	44,864
Accrued compensated absences end of the year	(48,438)

Change in net assets of governmental activities	<u>\$ 321,325</u>
---	-------------------

The notes to the financial statements are an integral part of this statement.

**33rd District Court
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2005**

	Pension Trust		Agency		Total
	Medical Benefit Fund	Fines and Costs Fund	JIS Bond Fund	Civil Fund	
Assets					
Cash-Checking/					
Municipal Investment Fund	\$ 52,046	\$ 334,733	\$ 94,266	\$ 3,988	\$ 485,033
Due from City of Gibraltar	-	2,859	-	-	2,859
Due from City of Grosse Ile	-	1,518	-	-	1,518
Due from City of Trenton	-	4,812	-	-	4,812
Due from Woodhaven	-	9,411	-	-	9,411
Total Assets	\$ 52,046	\$ 353,333	\$ 94,266	\$ 3,988	\$ 503,633
Liabilities					
Accounts Payable-Rent Escrow	-	-	-	3,954	3,954
Due to Other Funds	-	222,891	835	34	223,760
Payable to Other Gov. Agencies	-	93,839	-	-	93,839
Miscellaneous Payables	-	5,730	-	-	5,730
Current Appearance	-	-	-	-	-
Bonds Outstanding	-	-	93,431	-	93,431
Total Liabilities	-	322,460	94,266	3,988	420,714
Payable to District Control Units					
City of Rockwood	-	23,481	-	-	23,481
Due To Brownstown Twp	-	4,865	-	-	4,865
Due To Flat Rock	-	2,527	-	-	2,527
Total Payable to District Control Units	-	30,873	-	-	30,873
Total Liabilities	-	353,333	94,266	3,988	451,587
Net Assets					
Held in Trust for Medical Benefits	52,046	-	-	-	52,046
Total Net Assets	52,046	-	-	-	52,046
Total Liabilities and Net Assets	\$ 52,046	\$ 353,333	\$ 94,266	\$ 3,988	\$ 503,633

The notes to the financial statements are an integral part of this statement.

**33rd District Court
Fiduciary Funds
Statement of Changes in Net Assets
For the Year Ended December 31, 2005**

	<u>Pension Trust Medical Benefit Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 10,400
Total Contributions	<u>10,400</u>
Investment Income	
Interest	<u>1,201</u>
Total Investment Income	<u>1,201</u>
Net Investment Income	<u>1,201</u>
Total Additions	<u>11,601</u>
Change in Net Assets	11,601
Net Assets - Beginning of the Year	<u>40,445</u>
Net Assets - End of the Year	<u>\$ 52,046</u>

The notes to the financial statements are an integral part of this statement.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the 33rd District Court conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the 33rd District Court:

A. Reporting Entity

The 33rd District Court was established in the State of Michigan. The State of Michigan is divided into judicial districts of the district Court each of which is an administrative unit subject to the superintending control of the Supreme Court. As required by generally accepted accounting principles (*GASB Statement No. 14*), the financial statements of the reporting entity includes those of the 33rd District Court (the primary government) and no others. The 33rd District Court has no component units. Therefore; this report does not include condensed financial statements as required when component units are apparent.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements of the 33rd District Court report information on all of the nonfiduciary activities of the 33rd District Court. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrate the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Although the Court has no program revenues, program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grant and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

In the government-wide statement of net assets, the governmental activities is presented on the consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Court's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Court first utilizes restricted resources to finance qualifying activities.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

The government-wide statement of activities reports both the gross and the net cost of each of the Court's functions. The functions are also supported by general government revenues (intergovernmental revenues.) The statement of activities reduces gross expenses by related program revenues.

The net costs (by function) are normally covered by general revenue (intergovernmental revenues.)

The Court does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Court as an entity and the change in the Court's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Accrual Method

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Intergovernmental revenues are recognized as revenue in the year for which they are earned.

Modified Accrual Method

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Court.

The 33rd District Court reports the following major governmental funds:

The Operating Fund (General Fund) is the Court's primary operating fund. It accounts for all financial resources of the court, except those required to be accounted for in another fund.

The Building Fund (Capital Projects Fund) is used to account for the financial resources to be used for the acquisition and construction of major capital facilities. The various communities comprising the 33rd Judicial District have agreed to place a portion of fines and costs collected into escrow to be used for the building and equipment of the court.

The Debt Service Fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt.

The 33rd District Court reports the following non-major governmental funds (Special Revenue Funds):

The Court Work Fund facilitates revenues and expenditures of all designated court work programs.

The Chemical Awareness Fund is funded through designated fines and utilized for court designated programs.

The Court Technology Fund is funded through designated fines to keep the court current with computer technology.

The PSI Screening Fund is funded through designated fines and utilized for court designated programs.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Additionally, the 33rd District Court reports the following fiduciary fund types:

Trust

A. Pension Trust (Medical Benefit Fund)

This fund was established to provide Health Insurance Premium benefits to all employees of the Court at retirement. The principal revenue source is employer contributions. The operating statement of this trust fund focuses on changes in economic resources much like a private sector business. The trust fund operates using the accrual method of accounting utilizing net assets as a practical measure of economic resources. Therefore, the trust operating statement includes all transactions and events that increase or decrease net assets, such as revenues, expenses, gains, and losses.

Agency

B. Fines and Costs Fund (Agency Fund)

The Fines and Costs Fund is used to account for assets held by the Court in a trustee capacity. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. JIS Bond Fund (Agency Fund)

All appearance bonds and restitution for criminal cases are deposited in these funds. The funds remaining in these Funds are due to the defendant or payable to the clients for restitution.

D. Civil Fund (Agency Fund)

Constable Fees, Filing Fees, Civil Restitution and Miscellaneous Fees are deposited into this Fund. These funds are then dispersed to the appropriate individuals and funds designated.

The above noted agency funds are unlike other funds because they report only assets and liabilities. Therefore, agency funds do not have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported in general revenue includes fees collected from the district court units, or intergovernmental units, and fees for miscellaneous services. The court does not report any program revenues.

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Court's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Court reports its investments in accordance with GASB *Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB *Statement No. 40, Deposit and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Court intends to hold the investment until maturity.

Some statutes authorized the Court to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

The Court is authorized by its governing board to invest in obligations of the U.S. Treasury, commercial paper and mutual funds.

Investments are stated at cost and amortized cost, which approximates fair value.

2. Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

All other outstanding balances between funds are reported as "due to/from other funds. Any residual balances between the governmental activities are reported in the government-wide financial statements as "internal balances."

3. Fund Equity Balances – Restricted Assets

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective Funds as follows:

Unreserved:

Represents the remainder of the Court's equity and uncommitted as of December 31, 2005.

Reserved:

The 33rd District Court is "self-insured" for purposes of unemployment compensation. The Plan is administered by the State of Michigan - Unemployment Agency, but paid for by the Court. To avoid an inordinate payment required in some future year for unemployment charges, \$20,000 of the fund balance at December 31, 2005 has been reserved. This reserve is not available for future appropriations. Only variances between budgeted and actual expenditures for unemployment charges will affect the restricted assets for unemployment.

\$200,000 of the net assets has been designated to establish a stabilization fund, which is an increase of \$50,000 from the previous year. The funds used to establish this fund were obtained from budget surplus in compliance with the operating agreement of the Court.

Designated Fund Balance, January 1, 2005	\$ 170,000
Excess of Revenue over Expenditures	114,755
Less Amount Payable to DCU's	<u>(64,755)</u>
Designated Fund Balance, December 31, 2005	<u>\$ 220,000</u>

4. Capital Assets

Capital assets, include property, plant, and equipment that are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Court as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Computers	5 years
Furniture and Fixtures	5 to 12 years
Land & Building Improvements	5 to 30 years

5. Compensated Absences (Vacation and Sick Leave)

Court employees are entitled to a certain number of vacation days based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned. Sick time is allowed to accumulate up to a maximum of 60 days. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account groups. No expenditure is reported for those amounts.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for the amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds, however a formal budget is not adopted.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

The Court presents a budget to the seven District Control Units for their approval and ratification before the fiscal year begins on January 1. Based on Administrative Order No. 1997-6 of the Supreme Court, a court must submit its proposed and appropriated annual budget and subsequent modifications to the State Court Administrator at the time of submission to or receipt from the local funding unit or units. The budget submitted must be in conformity with a uniform chart of accounts. If the local funding unit requests that a proposed a budget be submitted in line-item detail, the chief judge must comply with the request. If a budget has been appropriated in line-item detail, without prior approval of their funding units, courts may not transfer between line-item accounts to a) create new personnel positions or to supplement existing wage scales or benefits, except to implement across the board increases that were granted to employees of the funding unit after the adoption of the court's budget at the same rate, or b) reclassify an employee to a higher level of an existing category. Courts must notify a local court management council of transfers between lines within 10 business days of the transfer.

The Court maintains a formalized encumbrance system. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting-under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation-is utilized in the general fund. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no encumbrances outstanding at year end.

Note 3. DEPOSITS AND INVESTMENTS

The 33rd District Court has \$ 1,121,340 on deposit with National City Bank of Michigan/Illinois. These deposits are subject to custodial credit risk. This is the risk that in event of a bank failure, the Court's deposits may not be returned to it. Of the \$ 1,121,340 on deposit \$ 100,000 was covered by federal depository insurance. As of December 31, 2005, \$ 1,021,340 of the Court's bank balance of \$1,121,340 was exposed to custodial credit risk because it was not covered by federal depository insurance. All deposits were in the State of Michigan and were uncollateralized. There were no repurchase agreements or reverse repurchase agreements entered into by the 33rd District Court for the 2005 year.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Note 4. CAPITAL ASSETS

Capital asset activity for the Court for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 50,000	-	-	\$ 50,000
Capital Assets Being Depreciated				
Land Improvements	88,604	-	-	88,604
Furniture and Equipment	770,913	\$ 36,391	-	807,304
Computers	234,305	11,379	-	245,684
Buildings	789,592	-	-	789,592
Building Addition	<u>3,001,088</u>	<u>-</u>	<u>-</u>	<u>3,001,088</u>
Subtotal	<u>4,884,502</u>	<u>47,770</u>	<u>-</u>	<u>4,932,272</u>
Total Capital Assets	<u>4,934,502</u>	<u>47,770</u>	<u>-</u>	<u>4,982,272</u>
Less Accumulated Depreciation for				
Land Improvements	55,738	4,389	-	60,127
Furniture and Equipment	634,672	24,144	-	658,816
Computers	157,873	24,549	-	182,422
Buildings	572,454	19,740	-	592,194
Building Addition	<u>585,680</u>	<u>74,795</u>	<u>-</u>	<u>660,475</u>
Subtotal	<u>2,006,417</u>	<u>147,617</u>	<u>-</u>	<u>2,154,034</u>
Net Capital Assets Being Depreciated	<u>2,878,085</u>	<u>(99,847)</u>	<u>-</u>	<u>2,778,238</u>
Capital Assets--Net of Depreciation	<u>\$ 2,928,085</u>	<u>\$ (99,847)</u>	<u>-</u>	<u>\$ 2,828,238</u>

Depreciation for fiscal year ended December 31, 2005 amounted to \$147,617. The entire depreciation expense was unallocated because it contains multiple uses.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Note 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The amount of interfund receivables and payables are as follows:

	<u>Agency Funds</u>				<u>Special Revenue Funds</u>		<u>Total Interfund Receivable</u>
	<u>Capital Projects</u>	<u>Fines & Costs</u>	<u>Bond Fund</u>	<u>Civil Fund</u>	<u>Chemical Awareness Fund</u>	<u>Court Work Fund</u>	
General		\$ 183,598	\$ 835	\$ 34	\$ 414 *	\$ 9,296 *	\$ 194,177
Chemical Awareness		950					950
PSI Screening		3,185					3,185
Court Technology		11,837					11,837
Court Work Fund		4,732					4,732
Capital Projects		18,589					18,589
Debt Service	\$ 154,439 *						154,439
Total Interfund Payable	\$ 154,439	\$ 222,891	\$ 835	\$ 34	\$ 414	\$ 9,296	\$ 387,909

* Denotes interfund receivables eliminated when adjusting to GASB 34 statements.

The amount of advances to/from other funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$ 154,439</u>

The interfund transfers reported here were made to facilitate good stewardship for preserving an annual debt service payment. The Court has established a policy to provide for annual debt service payments one year in advance of payment due.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Note 6. LONG-TERM DEBT

The following is a summary of long-term obligations of the Court for the year ended December 31, 2005:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within 1 Year</u>
Long-Term Debt					
Bank Note Payable	\$273,469	\$ -	\$144,676	\$128,793	\$128,793
Compensated Absences	44,864	3,574	-	48,438	14,531
Total	<u>\$318,333</u>	<u>\$3,574</u>	<u>\$144,676</u>	<u>\$177,231</u>	<u>\$143,324</u>

The Court addition was financed by National City Bank of Michigan/Illinois, formerly First of America Bank. The original terms of the note include financing the sum of \$ 2,000,000 at a fixed rate of 4.70% for a term of eleven (11) years, amortized over a twenty (20) year period. During the first year or construction period, whichever is longer, payments to the bank will consist of interest only. Monthly payment of principal and interest for the remaining nine (9) year term is \$ 12,870.

The final payment requirements to service the long-term bank note payable including principal and interest are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$128,793	\$2,854	\$131,647

Note 7. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

The 33rd District Court Money Purchase Plan Trust is a defined contribution pension plan established by the management council to provide benefits at retirement to all court employees including the judiciary. At December 31, 2004 there were 31 plan members and 2 were terminated. During 2004, the Court contributed 11% of covered wages. Plan members do not contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the Court management council. Contribution by the Court for 2005 included in the general fund employee benefits was \$119,262. The plan does not require a vesting period. All funds contributed by the Court are 100% vested to the employees when paid.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

NOTE 8. POST RETIREMENT BENEFITS

In addition, in 1999 the Court established a medical benefit plan to cover payment of health insurance for retirees. The liability for these payments were actuarialized at June 30, 2004. The Court has decided because of the smallness and the economies of the plan to perform actuarial services every third year. Therefore, the alternative measurement method as outlined in GASB *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* has been implemented with modification, resulting in the most current actuarial valuation to be used as a basis for determining actuarial value of assets, actuarial accrued liabilities, and unfunded actuarial accrued liabilities. The Court's most current actuarial valuation is as of June 30, 2004. The Court has committed to \$2,600 per quarter by the General Fund to fund these future costs. There are 4 employees currently eligible for benefits as of December 31, 2005. The plan is 100% employer paid.

Post retirement health benefits are provided to all retirees with 25 years of service on or after obtaining age 55. These are temporary benefits, payable to the date the retiree is eligible for Medicare, equal to the monthly one-person health insurance premium at the time of the employee's retirement. Increases in premium following retirement are not covered by the Court. Spousal coverage is not provided by the Court but, but may be provided through the retiree's contributions.

Assets are held under a VEBA Trust.

Under the Unit Credit valuation method, the actuarial liabilities as of June 30, 2005 are equal to the present value of accrued benefits, discounted from expected dates of payment:

Past Service Liabilities	\$ 132,278
Less: Assets	<u>\$ 52,046</u>
Unfunded	\$ 80,232
Per participant	\$ 2,360

Under the Unit Credit valuation method, the annual normal cost is equal to the present value of benefits expected to be earned in the ensuing year, from the expected dates of payment. The annual normal cost for 2004-2005 is \$6,380.

The Court is presently making contributions of \$2,600 per quarter. This contribution is expected to keep the unfunded liabilities, \$80,232, level in the near future. If the Court wishes to fund the liabilities of the plan, it should make quarterly contributions of \$2,600. This contribution level would theoretically pay off the unfunded liabilities in 20 years. Because of the current volatility of

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

health insurance premiums, the above contributions may increase if future costs exceed projected increases.

Upcoming reporting change - The Governmental Accounting Standards Board has recently released *Statement No. 45, Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended June 30, 2009. The Court has designated an amount of \$52,046 in Net Assets to begin provisioning for that future obligation.

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Actuarial Method and Assumption

Valuation Date
June 30, 2004

Actuarial Method
Unit Credit

Actuarial Assumptions

Discount Rate: 6% Compounded annually

Health Cost 8% compounded annually
Trend Rate: 0.5% each year until 4%

Insurance \$370.44 monthly in 2004
Premium: (one person rate)

Mortality: 1983 Group Annuity Mortality Tables

Withdrawal:	<u>Age</u>	<u>Annual Probability</u>
	20	0.0658
	30	0.0483
	40	0.0384
	50	0.0152

Retirement Rate: (Eligible Members)	<u>Age</u>	<u>Annual Probability</u>
	55	0.20
	56	0.10
	57	0.05
	58	0.05
	59	0.05
	60	0.20
	61	0.10
	62	0.30
	63	0.10
	64	0.10
	65*	1.00

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

Active Members, June 30, 2005

Age Group Group	<u>Number</u>		Total	Average Past Service
	Male	Female		
24-26	1	1	2	2.01
27-29	0	3	3	5.14
30-32	0	1	1	0.84
39-41	0	1	1	0.11
42-44	1	5	6	13.16
45-47	2	1	3	7.55
48-50	2	2	4	5
51-53	1	3	4	14.68
54-56	0	1	1	15.74
57-59	1	2	3	24.49
60-62	0	3	3	20.13
63-65	0	2	2	6.83
66-68	1	0	1	9.5
Total	9	25	34	11.76

33rd District Court
Notes to Financial Statements
For Year Ended December 31, 2005

NOTE 9. RISK MANAGEMENT

The Court is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employee's and natural disasters.

The Court continues to carry commercial insurance for other risks of loss, including employee health, accident and workers compensation insurance.

In reference to unemployment insurance, the Court reimburses the State of Michigan Unemployment Agency (UA) for the actual amount of unemployment benefits disbursed by the UA on behalf of the Court. There were no billings received or paid by the Court during the year.

REQUIRED SUPPLEMENTAL INFORMATION

33rd District Court
Required Supplemental Information
Budgetary Comparison Schedule
Budget and Actual-General Fund
For the Year Ended December 31, 2005

	General Fund				
	Actual Percentage Allocation	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues					
District Court Units:					
Brownstown Township	34.46%	\$ 770,484	\$ 770,484	\$ 770,484	-
City of Flat Rock	16.73%	374,137	374,137	374,137	-
City of Gibraltar	03.06%	68,490	68,490	68,490	-
Grosse Ile Township	03.75%	83,757	83,757	83,757	-
City of Rockwood	07.20%	161,016	161,016	161,016	-
City of Trenton	16.87%	377,337	377,337	377,337	-
City of Woodhaven	17.93%	400,957	400,957	400,957	-
Total District Court Units	100.00%	2,236,178	2,236,178	2,236,178	-
Miscellaneous:					
Interest Income		5,000	5,000	18,474	\$ 13,474
Miscellaneous Income		53,000	53,000	54,356	1,356
Standardization Payments		135,822	135,822	137,622	1,800
Total Miscellaneous		193,822	193,822	210,452	16,630
Total Revenues		2,430,000	2,430,000	2,446,630	16,630
Expenditures					
Salaries and Wages		1,300,000	1,300,000	1,279,426	20,574
Payroll Service		8,000	8,000	7,654	346
Employee Benefits		474,000	474,000	452,098	21,902
Attorney Appointments		85,000	85,000	81,621	3,379
Forms		18,000	18,500	19,589	(1,089)
Postage		21,000	22,000	21,865	135
Dues and Subscriptions		5,500	5,500	4,409	1,091
Car Allowance		800	800	756	44

	Actual Percentage Allocation	General Fund			Favorable (Unfavorable) Variance
		Original Budget	Final Budget	Actual	
Service to Equipment		20,000	20,000	13,325	6,675
Cleaning and Uniforms		2,500	2,500	2,198	302
Insurance and Bonds		50,000	50,000	46,057	3,943
Auditing Service		5,700	5,700	5,700	-
Training Service		6,000	6,000	4,254	1,746
General Expense		30,000	34,000	33,867	133
Office Supplies		20,000	23,000	23,150	(150)
Library Expense		10,500	10,500	9,627	873
Jury and Witness Fees		10,000	10,000	8,004	1,996
Telephone		30,000	30,400	30,309	91
Utilities		48,000	58,400	58,307	93
Building and Maintenance		100,000	112,000	110,423	1,577
Professional Fees		30,000	40,000	41,092	(1,092)
Computer Expense		35,000	45,150	32,573	12,577
Court Security-Capital Outlay		60,000	47,850	19,549	28,301
Capital Outlay		60,000	20,700	26,022	(5,322)
Total Expenditures		2,430,000	2,430,000	2,331,875	98,125
Excess of Revenues Over Expenditures		-	-	114,755	114,755

Other Financing (Uses):

Committed to DCU's

Total Other Financing (Uses)

Excess of Revenues Over Other Financing
(Uses) and Expenditures

Fund Balance December 31, 2004

Fund Balance December 31, 2005

	(64,755)	(64,755)
	-	(64,755)
	50,000	50,000
	170,000	170,000
\$	220,000	220,000

ADDITIONAL INFORMATION

33rd District Court
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Special Revenue				Total
	Court Work Fund	Chemical Awareness Fund	Court Technology Fund	PSI Screening Fund	Nonmajor Governmental Funds
\$	67,912 \$	17,625 \$	47,078 \$	15,675 \$	148,290
	4,732	950	11,837	22	22
\$	72,644 \$	18,575 \$	58,915 \$	18,882 \$	20,704
					169,016

Assets:

Cash

Receivables:

Accounts Receivable

Due From Agency Funds

Total Assets

Liabilities and Fund Balances

Liabilities:

Accounts Payable

Due To Other Funds

Total Liabilities

Fund Balances

Unreserved, Undesignated

Total Fund Balances

Total Liabilities and Fund Balances

104	-	47,125	415	47,644
9,296	414	-	-	9,710
9,400	414	47,125	415	57,354
63,244	18,161	11,790	18,467	111,662
63,244	18,161	11,790	18,467	111,662
\$ 72,644	\$ 18,575	\$ 58,915	\$ 18,882	\$ 169,016

33rd District Court
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Special Revenue				Total
	Court Work Fund	Chemical Awareness Fund	Court Technology Fund	PSI Screening Fund	Nonmajor Governmental Funds
Revenues:					
Program Fees	\$ 75,571	\$ 15,684	\$ 215,749	\$ 57,067	\$ 364,071
Intergovernmental	29,300	11,419	-	12,636	53,355
Interest Income	1,764	-	803	-	2,567
Total Revenues	106,635	27,103	216,552	69,703	419,993
Expenditures:					
Current:					
Wages and Benefits	36,458	1,742	-	-	38,200
Operating Expenses	6,933	7,200	202,563	51,236	267,932
Capital Outlay	-	-	2,199	-	2,199
Total Expenditures	43,391	8,942	204,762	51,236	308,331
Excess (Deficiency) of Revenues Over Expenditures	63,244	18,161	11,790	18,467	111,662
Net Change in Fund Balances	63,244	18,161	11,790	18,467	111,662
Fund Balances					
Beginning of Year	-	-	-	-	-
End of Year	\$ 63,244	\$ 18,161	\$ 11,790	\$ 18,467	\$ 111,662

33rd District Court
Fines and Costs Fund
Schedule of Changes in Liabilities
For the Year Ended December 31, 2005

	Cash Receipts	Cash Disbursements	Excess Receipts Over (Under) Disbursements	Transfers In (Out)	Add (Subtract) Balance Due From 12/31/04	Balance Due From 12/31/05
Ordinance Fines and Costs						
District Control Units						
Brownstown Township	\$ 921,488	\$ 907,575	\$ 13,913	-	\$ 9,048	\$ 4,865
City of Flat Rock	470,431	473,151	(2,720)	-	5,247	(2,527)
City of Gibraltar	75,920	75,656	264	-	3,123	2,859
Grosse Ile Township	103,273	102,982	291	-	1,809	1,518
City of Rockwood	459,437	451,189	8,248	-	15,233	(23,481)
City of Trenton	408,735	408,969	(234)	-	4,578	4,812
City of Woodhaven	415,537	443,804	(28,267)	-	18,856	9,411
Total	2,854,821	2,863,326	(8,505)	-	(20,778)	(12,273)
Other Governmental Agencies						
State of Michigan	1,076,908	1,077,206	(298)	-	75,940	(75,642)
Wayne County	265,344	269,557	(4,213)	-	22,410	(18,197)
Total	1,342,252	1,346,763	(4,511)	-	(98,350)	(93,839)
Miscellaneous Payables						
Court Technology Fund	199,614	203,911	(4,297)	-	16,134	(11,837)
Court Work Fund	75,571	100,139	(24,568)	-	29,300	(4,732)
Drug Court Program	5,830	100	5,730	-	-	5,730
PSI Screening Fund	56,652	66,103	(9,451)	-	12,636	(3,185)
Case Flow Assistance	21,036	21,036	-	-	-	-
Chemical Awareness Fund	15,684	26,153	(10,469)	-	11,419	(950)
Total	374,387	417,442	(43,055)	-	(69,489)	(26,434)
Total Ordinance Fines and Costs	4,571,460	4,627,531	(56,071)	-	(188,617)	(132,546)
Interfund Payables						
Due to General Fund	2,306,116	2,311,231	(5,115)	-	188,713	(183,598)
Due to Capital Projects Fund	264,310	264,794	(484)	-	19,073	(18,589)
Total Changes in Liabilities	\$ 7,141,886	\$ 7,203,556	(\$ 61,670)	-	(\$ 396,403)	(\$ 334,733)

33rd District Court
Schedule of District Control Units
Fines Collected Over Actual General
Fund Budget Expenditures
For the Year Ended December 31, 2005

	2004 Actual		2005 Actual				Fines Collected Over (Under) Actual Expenditures 2004
	5 Year Avg. Caseload	Percentages Of Cases	Percentage of Collection	Fines Collected For Distribution	Adjusted General Fund Expenditure	Fines Collected Over Actual Expenditures	
Brownstown Township	9,414	33.7589%	32.2783%	\$ 921,488	\$ 716,169	\$ 205,319	\$ 144,117
City of Flat Rock	4,693	16.8292%	16.4785%	470,431	357,019	113,412	(66,111)
City of Gibraltar	768	2.7541%	2.6594%	75,920	58,425	17,495	1,114
Grosse Ile Township	1,041	3.7331%	3.6175%	103,273	79,194	24,079	22,212
City of Rockwood	2,285	8.1941%	16.0934%	459,437	173,831	285,606	150,404
City of Trenton	4,646	16.6607%	14.3174%	408,735	353,444	55,291	40,700
City of Woodhaven	5,039	18.0700%	14.5556%	415,537	383,341	32,196	163,043
Totals	27,886	100%	100%	\$ 2,854,821	\$ 2,121,423	\$ 733,398	\$ 455,479

**33rd District Court
General Fund
Schedule of Amounts Payable to District Control Units
For The Year Ended December 31, 2005**

	Balance 12/31/04	Excess of Budget Assessments Over Actual Expenditures	Payments	Payable To DCU'S 12/31/05
Brownstown Township	\$ 20,030	\$ 21,861	\$ 20,030	\$ 21,861
City of Flat Rock	9,133	10,896	9,133	10,896
City of Gibraltar	1,962	1,784	1,962	1,784
Grosse Ile Township	2,023	2,418	2,023	2,418
City of Rockwood	3,775	5,307	3,775	5,307
City of Trenton	9,100	10,789	9,100	10,789
City of Woodhaven	9,094	11,700	9,094	11,700
Total	\$ 55,117	\$ 64,755	\$ 55,117	\$ 64,755